

AT
MEMORANDUM FOR:

Herewith the paper you asked for
It is strictly a personal contribution,
and is intentionally polemical.

RICHARD LEHMAN

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Intelligence Organization: Does it Need to be Changed?

1. The argument is often made that the US intelligence structure works pretty well and therefore should be left alone. If a particular problem comes along, a particular fix can be found for it by minor change in the existing structure. Major change, on the other hand, would result in major disruption and a great deal of bureaucratic strife.

2. This attitude has largely governed the evolution of the intelligence structure since 1947. In recent years it has been reinforced by fear that changes requiring legislation would open a door to Congressional investigation that it was desirable to keep closed. Today, however, this position is quite untenable.

3. Legislative proposals for major change are inevitable. The Senate and House Select Committees will recommend changes that might include such things as a stronger hand for the DCI generally, reduction of the relative weight of military intelligence and even elimination of DIA, separation of the DCI from CIA, transfer of CIA/DDO to State, elimination of covert action, and restoration of the Board and Office of National Estimates. There is probably some feeling that change is necessary to simply to demonstrate that Congress has done its job. Since the Congress now has the initiative, the Executive will have to take an actively negative position to maintain the status quo. Some proposals can be opposed on their merits, but a resistance to all change would have to be based on an argument that the present system is the best obtainable, a proposition of dubious validity.

4. Even if Congress were satisfied with the status quo, there are impelling reasons for fundamental change.

--The Community has hardening of the arteries. One reason it needs major change is precisely because it has evolved through decades of improvisation and compromise. Organization has been

grafted onto organization and committee onto committee, new bureaucracies have arisen while old bureaucracies live on, and the wiring diagram would shame a Rube Goldberg of the electronic age, but hard questions--the relationship of the DCI to Defense, for instance--have been swept under the rug. Decisions get harder to make and take much longer to make, not only because they are innately more complex, but because the machinery to make them is too complicated and involves too many conflicting interests. The intelligence structure has reached, on a grand scale, that stage in the life of all dynamic organizations when they can no longer accommodate to the cumulative pressures of change over time. Something has to give, and change becomes desirable for its own sake, to unseat entrenched time-servers, to break old habits, to render ancient quarrels irrelevant, to encourage imagination and innovation.

--The Community can no longer solve resource problems in traditional ways. When national security budgets were rising, funds were plentiful, and Congressional attitudes permissive, new needs could be met easily and different choices avoided. In recent years, this has not been possible, but in the more permissive years each agency had accumulated enough fat in the way of obsolete or low priority activities to live off for some time. That fat is now pretty much consumed, and by this year Congressional budget review had become stringent indeed. If the resources for high priority national intelligence activities are to be found, duplication and obsolescence must be tackled for the Community as a whole. No authority exists strong enough to determine what the essential priorities are or to decide the activities can be merged or eliminated. Can one conduct a \$6 billion enterprise on the principles of a New England town meeting?

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--The Community is increasingly unable to cope with the impact of new technology. New systems so costly and complex require strong centralized management of a kind the Community is ill equipped to provide. Real-time collection and centralized data processing are imposing their own organization pattern on the Community, one which will undercut, if not destroy, the concept of an independent senior national intelligence officer. Moreover, traditional distinctions, as between national and tactical intelligence, are breaking down, placing new demands on the national intelligence system that it was never intended to meet.

5. Lest these propositions be taken as unsupported generalities, consider the following list of symptoms, all drawn from one intelligence officer's experience:

--How long has it taken to organize a USIB Human Sources Committee, and is the process complete even now? How long did it take to disestablish the USIB Watch Committee?



--Where is COINS after ten(!) years?

--Why does the production of this year's NIE 11-3/8 take more of the year and of the contributing analysts' time than the new research that should be going into next year's? (And this before the two additional steps in the process proposed by PFIAB).

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--Why are the resources available for research and analysis so far out of balance with consumer demand, with the volume of collection, with the costs of that collection, and with the costs of the weapons systems the analysis is ultimately to support?

--Is a compartment with more than a hundred thousand people in it a useful device?

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Talking Points for Possible DCI Use with the President

1. The appointment of a Deputy Secretary of Defense for Intelligence has been recommended several times. It is probably desirable if it is carefully placed within a larger national intelligence structure. Defense intelligence needs unitary management.

2. Such an appointment now, however would be undesirable.

--It would preempt the ICG Study Group now developing options for your consideration. In effect, it would seriously narrow the range of choices open to you.

--It would preempt Amb. Bush. This appointment would certainly affect and might severely limit the scope of his job. He should be allowed to read himself in and form a judgment before any decision is made.

--It would preempt, and probably antagonize, the Senate and House Select Committees, both of which are preparing organization recommendations. Whether or not these recommendations make sense, the Administration should give them a hearing to provide a basis for cooperation in achieving legislation.

Detailed StatementExecutive Branch Position of the Senior U.S. Foreign Intelligence Officer

The DCI will be renamed the Director of National Foreign Intelligence in a position statutorily separated from the current CIA. His position will be on the White House staff.

DNFI Relation to the NSC

The DNFI will be a full member of the NSC (as opposed to the current advisor status of the current DCI.)

The DNFI will serve as the Chairman of the NSCIC which will be the senior policy committee for all matters relating to U.S. foreign intelligence activities. Membership of the NSCIC will include the appropriate Under-Secretary of State, Deputy Secretary of Defense and such others as are appointed by the President.

Organizational and Operational Arrangements

The CIA will be renamed the FIA with a Director appointed by the President with advise and consent of the Senate.

The NSA will become a statutory executive agency with a Director appointed by the President with the advise and consent of the Senate. The Defense Cryptological Agencies will be absorbed into NSA with such Sigint Direct Support Units as are now outside of Defense Program III remaining under the Department of Defense.

The NRO will become a statutory ~~agency~~ executive agency with a Director appointed by the President with advise and consent of the Senate. All activities of the current CIA associated with this program will be transferred to the NRO. The NPIC will also be transferred from CIA to the NRO.

The DNFI will serve as Executive Agent of the U.S. government for the overall management of the above National Foreign Intelligence Executive Agencies, the FIA, the NSA, and the NRO.

Fiscal and Budgetary Arrangements

The DNFI will receive national budgetary guidance from OMB.

The DNFI will provide budgetary guidance to the Directors of FIA, NSA, and NRO, and will review and approve their budget proposals within the context of the overall National Foreign Intelligence Program Budget.

The DNFI will review ~~Departmental~~ Budget submissions provided by U.S. Government Departments and Agencies covering all items for intelligence activities within their budgets prior to submission to OMB and the President. The DNFI will coordinate such views as he may have on these Departmental budgets and activities with the appropriate Department and Agency heads.

Responsibilities for Production of National Intelligence

The DNFI will have responsibility for the production of all national intelligence, including the establishment of a national warning network with a National Current Intelligence Center as its focal point to serve the President and the NSC (e.g., WSAG). The national warning network will include intelligence centers in the DOD and State Department and such other Departments and Agencies as the DNFI considers appropriate.

National ^{for} Intelligence Agencies (e.g., FIA, NSA, and NRO) ~~xxxx~~ and Departmental ~~xxxxxxx~~ intelligence organizations will provide such support to the DNFI's national production responsibilities as appropriate.

Responsibilities for Collection Requirements for Intelligence Information

The DNFI will be responsible for establishing a system for the prioritization, ~~acceptance~~ validation, and issuance of all collection requirements upon National intelligence collection assets of the FIA, NSA, and NRO.

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The DNFI will issue such collection requirements and guidance to Departments and Agencies with collection capabilities (e.g., State and Defense) as he considers appropriate. Such Departments and Agencies will inform the DNFI of their ability to actively pursue the requirement in a manner consistent with their own mission requirements. The DNFI will provide each Department and Agency head accepting such national collection requirements with an annual evaluation of performance.

Responsibility for Covert Action

The DNFI will be responsible for overall management of any covert action undertaken by the USG with oversight by such national committees as are designated by the President and the Congress.

Operational responsibility for any covert actions undertaken by the USG will reside in the Foreign Intelligence Agency.

Inspection Responsibilities

The DNFI will be responsible for establishing an Inspector General to conduct such investigations as he considers appropriate, including ~~those~~ those which will assure all ~~intelligence~~ organizations involved in foreign intelligence are complying with legislative and executive restriction on such activities. (The DNFI/IG will be manned from existant IG offices in CIA, and NSA.)

Management at the DNFI Level

The DNFI will establish such Boards and Committees as are needed and appropriate for the management and direction of the national intelligence effort, recognizing that the senior intelligence policy group at the national level is the NSCIC.

Relations with Congress

The DNFI will be the chief Executive Branch spokesman before Congress for the National Foreign Intelligence Program including defense of the President's budget for intelligence activities and the provision of Executive Branch intelligence products to the Congress in a manner to be worked out with the Congress and its appropriate committees.

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*Dear Mr. President:
(Lynn?)*

As you know an Inter-Agency Group representing members of the Intelligence Community, the Attorney General, and Treasury Department was constituted a short time ago under NSC/OMB leadership to consider the need for organization and management changes in the Intelligence Community. Given the short period of time available and the very great complexity of the task, their report is a creditable effort. In responding formally to the report, however, I believe you should have the benefit of my views on certain issues not highlighted in the report with the clarity I would have liked.

The report is concerned with three aspects of intelligence which many have come to see as problems during the past year: abuses, real and alleged; the adequacy of current organizational and management arrangements in the intelligence community; and the quality of the intelligence product. Abuses were the subject of the Rockefeller Commission investigations and have received much Congressional and public attention during the past 12 months. The adequacy of current organization and management arrangements has not received extensive public attention but some proposals have been advanced, e.g., Senator Mondale's proposal to transfer CIA's covert action responsibility to the Department of State. Also it is our understanding that the Senate Select Committee Staff is considering a more dramatic organization proposal which would transfer all clandestine collection and covert action functions of CIA's present Operations Directorate to the Department of State, CIA's R&D and other scientific functions to the Department of Defense, leaving its analytical functions in a small organization reporting to the NSC. The issue of product quality arose fairly late in the year and has been highlighted by Congressman Pike's allegations concerning Intelligence Community estimates of intelligence failures with respect to the Vietnam War and other crises extending back several years.

The paper prepared by the Inter-Agency Task Force for your review was to be focused on community management proposals. In so doing, however, the Task Force found it difficult to avoid the abuses issue because no reorganization proposal would be sensible at this time if it did not provide in some way for control of future abuses. Several ideas for dealing with the problem are advanced in the paper. To me the needs here are relatively easy to identify, though implementation will obviously take more time. In my view the Executive Branch should take two major initiatives as soon as the ideas can be put into concrete form. First, it should do something to establish formal public guidelines for the conduct of intelligence operations in the United States in certain areas where very little official expressed guidance has yet been set on paper. The efforts to develop an executive order with respect to certain "dos" and "don'ts" in the United States should be expedited. If it should prove desirable at a later time to incorporate these provisions into law, that can be done. This is the primary requirement and the only barriers to its accomplishments are bureaucratic but well within our control. Secondarily, but also essential, a small full-time

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staff should be chartered within the executive offices to look into areas with high potential for abuses on a continuing basis and report directly to you or one of your counselors periodically. Such a group must have no other operational or policy responsibilities to you or the NSC. It should have a clear and unambiguous charter from you, and it should be made clear to members of the Intelligence Community what that charter is. A public announcement should be made of your intention to establish this group.

With respect to management arrangements, the study has identified four options for your consideration. In my view, two of these have fatal flaws and should not receive serious consideration. The first of these, consolidation of the three major national intelligence programs including CIA, the National Reconnaissance Program and the Consolidated Cryptologic Program including NSA and the related Service Cryptologic Agency, under one policy official in a new department of intelligence, is on the surface most appealing. It would place one man in charge of our most expensive and our most productive intelligence programs, and it would give to the individual who headed the office authority to solve many of the management questions which have plagued the present decentralized Intelligence Community for many years. There are, however, major problems with this approach. First, for all its faults, the present decentralized arrangement provides for certain checks and balances within the Intelligence Community which would tend to be lost under this option. Second, there would appear to be formal political problems in a proposal which would in effect increase the size of the CIA threefold. Third, while I believe it is important to preserve an intelligence organization which is independent of the Department of State or Defense, it is a fact that Defense has major responsibilities which require intelligence support. Therefore I am skeptical that this arrangement could adequately meet DoD needs. Thus, it could well result in reestablishment within the Department of Defense extensive intelligence programs to enable Defense to meet those legitimate needs.

The second option (Option three in the Inter-Agency Group Report) which I do not believe merits your serious attention is, as I understand it, the DoD proposal, to separate the Director of CIA from CIA and to reduce CIA's role with respect to military intelligence. This proposal cannot be considered a serious alternative. Both the Congress and the Executive Branch have come to rely heavily on independent analysis done by CIA on a wide variety of military problems world wide. CIA's objectivity on various sensitive problems in this area is widely respected within both Executive Branch and Congress, and I frankly do not believe the country can accept diminution of CIA's responsibilities in this area.

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An independent analytical capability is vital to you and other policy making officials of this government. To place this in serious jeopardy would in my view precipitate a withering political attack.

The second aspect of this proposal with which I am concerned is the formal role created for the new DCI. As pointed out in the option this official would have enormous responsibilities but less explicitly discussed is the fact that he would have no authority with which to pursue those responsibilities. The argument is made that his mere separation from CIA and an increase in his prestige and stature would enable him to assert this leadership role. All bureaucratic experience suggests that this is not the case. This DCI would have no effective way to affect in any significant manner the operation of the United States Intelligence Community. He would be a captive of information provided to him by officials over whom he exercised no effective control.

Thus I am persuaded that the paper contains only two realistic basic choices:

*Lehman proposal & DCI proposal. Experience that
DCI is best long term solution if we have the capability to
bring it off, for several reasons. On the other hand, if
this is considered impossible, another approach might be desirable.*

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